



November 12, 2004

WEST VIRGINIA BULLETIN NO: WV300-5-1

SUBJECT: LTP – Local Work Group Activities

Purpose: To Provide Guidance for FY2005 Local Work Group Activities

Expiration Date: This bulletin expires December 31, 2004

ACTION REQUESTED BY: December 10, 2004

The following guidance is provided in order to receive advice and recommendations for implementing the FY2005 Environmental Quality Incentive Program (EQIP).

It is intended that the Local Work Group (LWG) meetings will not be required at this time. In past years, the LWG has provided valuable assistance in identifying resource issues to be addressed and funding levels necessary to address these resource issues in a timely manner.

- **Review the Priority Resource Concerns which the LWG submitted for FY2004, and submit any changes to Herb Andrick to use in updating the web site.**
- **Review the FY2004 approved Ranking Criteria. A national ranking template will be implemented with the FY2006 program. In light of this impending change, the LWG will only need to make those changes necessary to comply with National Bulletin 300-4-12.**
[**http://policy.nrcs.usda.gov/scripts/lpsiis.dll/NB/NB_300_4_12.htm**](http://policy.nrcs.usda.gov/scripts/lpsiis.dll/NB/NB_300_4_12.htm)
 - **Each LWG will include a cost effectiveness calculation where the total environmental benefits are divided by the total project cost (not contract cost) in their respective ranking processes. Using total project costs as the denominator in this calculation will avoid creating bias against Limited Resource Producers and Beginning Farmers.**
 - **Total project costs will be calculated as the sum of the average per acre practice cost for all practices included in the ranking criteria.**

- LWGs may also consider awarding additional points for those practices which address multiple resource concerns. (See eFOTG Sec. V) <http://www.nrcs.usda.gov/technical/efotg/>
- Last year, some LWGs raised the question of brush management as a cost share practice in EQIP. Brush management as a component of Prescribed Grazing may be included in the ranking criteria and practice/cost list for the control of Multiflora Rose, Autumn Olive and Tartarian Honeysuckle. The average cost and planning criteria will be based upon the Greenbrier CD case study. The practice will require a commercial licensed applicator and an operation and maintenance agreement.
- **Review the approved Practice/Cost List. Are the costs still accurate? If the cost needs to be adjusted, provide written justification for the increase or decrease. Is the cost share rate or incentive payment adequate to promote adoption of this practice? NOTE: National guidelines still stress that most practices be cost shared at 50% or less.**
 - In order to reduce the field office workload, average costs are strongly encouraged for structural practices. Instructions for developing average costs and flat rate incentive payments are attached.
 - Are there any practices in the approved Practice/Cost list which do not address a national or local priority resource concern? Consider deleting practices that do not meet national/state resource concerns to focus program goals and simplify the process of calculating total project costs.

The Lead Designated Conservationist (DC) on behalf of the LWG will document any recommended changes from the approved FY2004 Priority Resource Concerns, Ranking Criteria and/or the Practice/Cost List. Please be sure to clearly identify any and all changes being recommended, by highlighting and explaining those items on a copy of the material. The State Conservationist will make decisions for FY2005 EQIP implementation based on the recommendations of the NRCS staff on behalf of the LWG and State Technical Committee.

If you have questions or need additional information, please contact Herb Andrick, Resource Conservationist, at (304) 284-7560.

/s/ Charlotte Wertz, Acting for

**LILLIAN V. WOODS
State Conservationist**

Attachment

DIST:FO

AO

Rick Heaslip, SRC, NRCS, Morgantown, WV

Herbert Andrick, Resource Conservationist, NRCS, Morgantown, WV

Truman Wolfe, Exec. Dir., WVCA, Charleston, WV

Gary Oates, Pres., WVACD, Waverly, WV

INSTRUCTIONS FOR DEVELOPING AVERAGE COSTS

NRCS – WEST VIRGINIA

The following method of developing Average Costs applies to all Farm Bill Programs. Only one Average Cost list shall be maintained and utilized for Farm Bill Programs within the boundaries of each Conservation District. Average Costs will be used unless cost data cannot be obtained. Average Costs are to be developed for each practice or component of a practice identified in the plan as eligible for financial assistance. Average costs are to be applied by Conservation District Boundaries in West Virginia. Average costs are to be uniform among all NRCS programs within each Conservation District Boundary.

Average Costs do not require the participant to provide receipts upon completion of a practice in order to be paid for the installed practice. The authorized NRCS representative will review the installed practice(s) and certify the installation, if it meets NRCS standards, then the participant applies for payment. Payment to the participant will be made based on the average cost (AC) specified in the contract documents. This AC cost can not be changed in a contract once the contract is signed. Whether the cost to the participant is above or below the AC, the AC specified in the contract will be paid upon completion and certification of the completed practice.

The method for developing Average Cost (AC) is as follows:

1) DEVELOPMENT OF COST DATA

Actual Cost data is to be collected on a representative number of jobs on all applicable measures and practices within the boundaries of each Conservation District. In West Virginia “representative” will be defined as at least three jobs, if available, if a minimum of three are not available, then document the findings and utilize the jobs obtained. As additional information becomes available update the AC data.

The data on costs can be obtained in several methods or combination of methods.

- a) From records of participants that have installed practices.
- b) By obtaining information from material suppliers.
- c) Contacting contractors for installation costs.
- d) Contacting the local Extension Service and/or Farm Service Agency.
- e) Other sources that will be capable of providing reliable cost information.

The information from several sources (ie. Material supplier, contractor, FSA) can be combined to develop an average cost or costs. For example costs are needed to develop an AC for a 3 strand high tensile fence; material costs are obtained from Q’s fencing supply for staples, bulk high tensile wire, connectors, gates, treated posts, brace rods, and tensioners. You then contact 4’s fence installation shop and obtain costs for materials and installation for the entire fence. You also contact the extension service and obtain costs of installed fence. By utilizing all three sources of information you calculate the average cost to be utilized for 3 strand high tensile fence.

If there are several NRCS field offices within the boundary of one Conservation District then the District Conservationists can split up the development of costs or compare costs and develop the average cost from the combined information. Only one AC list will be developed and maintained within each Conservation District boundary for each fiscal year.

2) APPROVAL OF AVERAGE COST LIST:

Once the average cost list is developed by NRCS District Conservationists within a Conservation District Boundary the DC's will review the list with the Conservation District. Upon the concurrence of the Conservation District, the Chairperson of the CD and all the DC's will sign the average cost list and submit it to the ASTC-FO with the backup documents that justify the development of the average costs. Once the ASTC-FO has reviewed the list and verified the information is accurate, the ASTC-FO also signs the average cost list. The ASTC-FO then recommends the average cost list be accepted by the STC.

Once the average cost list arrives at the State Office the STC will route the list to their technical representatives. This will include the State Resource Conservationist (SRC) and the State Conservation Engineer (SCE). The SRC and SCE will review the average cost list data and recommend acceptance or denial to the STC. If the recommendation from the SRC and SCE is to approve, the STC will sign the average cost list, maintain the original in the State Office and return a copy of the signed average cost list to the DC's and ASTC-FO for their files. If the recommendation from the SRC or SCE is to deny the average cost list, their recommendation to the STC will be accompanied by a detailed explanation why the recommendation is to deny.

If the average cost list is denied by the STC, it will be returned to the ASTC-FO with an explanation of why and what needs to be corrected or modified to make it acceptable. The ASTC-FO shall make the corrections, in consultation with the DC's, within 10 calendar days and return the revised list to the STC for approval. This revised list will be submitted with an explanation of how the revisions made address the SCE's and/or SRC's concerns. Once a review of the revised list is performed by the SRC and SCE, a signed copy of the approved average cost list will be returned to the DC's and the ASTC-FO with the original being retained in the State Office. Each fiscal years' cost list shall be maintained for six (6) years after the last contract is completed that utilized the AC list.

3) YEARLY REVIEW AND UPDATE:

At the end of each Fiscal Year (September) the average cost list will be reviewed to ensure the data is current and reflects current pricing. Cost lists shall not be changed during a fiscal year without the STC's prior approval. Before October of each new fiscal year the average cost list will be reviewed and updated if necessary. If an average cost list needs to be changed the approval process as outlined in paragraph 2 will be followed, except only the data supporting the revised costs will be submitted for approval.

Each fiscal year a new cost list, in its entirety, shall be submitted for approval by the STC, even if the average costs remain unchanged. This will require the same steps as outlined in paragraph 1 & 2.

4) PAYMENTS FOR AVERAGE COSTS (AC);

Payment for installed and certified practices or components shall be made at the contract price. No modifications to an AC price shall occur after the contract is signed. The participant will be paid the contract price for the quantity installed. No receipts or proof of costs are required to be submitted by the participant. The CCC-1245 will need to be properly filled out and submitted to the State Office for certification of payment.

INSTRUCTIONS FOR DEVELOPING FLAT RATE COSTS (FR)

NRCS – WEST VIRGINIA

The flat rate cost method is to be used to encourage the adoption of conservation practices where it is difficult to establish the actual cost. Flat rates costs are usually a dollar-per-unit basis. Such as \$25.00 per acre or \$10.00 per ton, etc. This cost method is usually utilized for grassland management, buffer management, brush management, and nutrient management; this is not an all inclusive list.

1) DEVELOPMENT OF FLAT RATE COSTS:

Flat rate costs will be based on an incentive to maintain the practice. This cost may not cover all costs associated with the practice, but is strictly an incentive to have the participate install or maintain a practice. This type of rate is strictly an incentive, not a reimbursement of costs.

2) APPROVAL:

Same as for Average Costs.

3) YEARLY REVIEW AND UPDATE:

Same as for Average Costs.

4) PAYMENTS:

Payment for practices maintained and certified shall be made at the contract price. No modifications in quantity or the FR costs shall occur after the contract is signed. The participate will be paid the contract price for the quantity and at the price indicated in the contract. No receipts or proof of costs are required to be submitted by the participate. The CCC-1245 will need to be properly filled out and submitted to the State Office for certification of payment.